



Accelerate Your Business

Indiana Economic Development Corporation

May 16, 2007

Barbara McNutt
Chief Counsel
Indiana Professional Licensing Agency

One North Capitol, Suite 700
Indianapolis, Indiana 46204
Tel 317.232.8800
Fax 317.232.4146
www.iedc.in.gov

Dear Ms. McNutt:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule changes proposed by the Indiana Professional Licensing Agency ("IPLA") and contained in LSA Document 06-95, which amends, adds, or repeals sections within 876 IAC 3 to make necessary changes to comply with federal requirements for state appraiser licensing boards to comply with Title XI and Appraisal Subcommittee Policy for licensure of Appraisers in Indiana. This rule seeks to make the necessary changes to the Appraiser Licensure and Certification Board's rules to comply with new federal guidelines that govern the necessary requirements to obtain an appraiser license.

LSA 06-95 also makes necessary changes to the education approval process for pre-licensing education providers, and it is this provision that creates an economic impact for small businesses. Pursuant to the new rules, all pre-licensing education will need to be approved by the Appraisal Qualification Board (AQB). The AQB is a division of the Appraisal Foundation, which is authorized by the United States Congress as the source of appraisal standards and appraiser qualifications. The IPLA has estimated the rule's economic cost per individual business using the most recent fee schedule from the AQB's course approval program. The new federal guidelines require 500 hours of coursework in order to obtain the Certified Residential and Certified General appraisal licenses. The fee for the AQB to review and approve a 30 hour course is \$1,950. Therefore, the cost to obtain approval for 500 hours of coursework would be \$32,550 per business $[(500/30) \times \$1,950]$. IPLA estimates that there are approximately six (6) small businesses that could be affected by the new provisions, resulting in a total impact of \$195,300. The IPLA does not expect significant administrative costs as a result of the rule.

Although there is a significant economic impact associated with the rule, the cost appears reasonable based on several considerations. The new educational requirements are mandated by new regulations originating at the federal, rather than state level. Based on the new requirements, the IPLA does not currently have the capacity or resources to implement an approval process for pre-licensing education providers that would ensure the highest level of quality throughout the industry. If the IPLA were to obtain the resources and staff necessary to implement an approval process, there would be a significant cost to the state and a potential increase in cost to businesses relative to obtaining approval through the AQB. Importantly, the AQB has been vested by the federal government with the authority to grant approval to pre-licensing education providers. Additionally, given the importance of sound real estate appraisals, quality education providers serving the industry are especially important.

If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,

A handwritten signature in black ink, appearing to read "Ryan Asberry", written over a horizontal line.

Ryan Asberry
Assistant Vice President
Indiana Economic Development Corporation